

Kumba Iron Ore Limited
A member of the Anglo American plc group
(Incorporated in the Republic of South Africa)
(Registration number 2005/015852/06)
Share code: KIO
ISIN: ZAE000085346
("Kumba" or "the Company")

Kumba production and sales report for the fourth quarter, and trading statement, for the year ended 31 December 2019

Production and sales report for the fourth quarter and year ended 31 December 2019

Kumba CEO, Themba Mkhwanazi, said "Kumba delivered a solid operational performance with total production of 42.4Mt and total sales of 42.2 Mt. This in line with the full-year guidance of 42-43Mt and 41.5-42.5Mt, respectively." Production and sales volumes referred to are 100% of Sishen Iron Ore Company Proprietary Limited ("SIOC"), and attributable to shareholders of Kumba as well as the non-controlling interests in SIOC.

Overview:

- Strong safety and sustainability focus, marking over three and a half years of fatality-free operations.
- Total sales for 2019 of 42.2Mt (2019 guidance: 41.5-42.5Mt) were 2% below 2018 as a result of lower off-take from ArcelorMittal SA due to a decision to wind down operations at its Saldanha Steel plant. Export sales for the year were flat at 40Mt, with an 8% quarter-on-quarter increase in Q4 2019 offsetting lower domestic sales.
- Total production of 42.4Mt for the year (2019 guidance: 42-43 Mt) decreased by 2%, primarily due to the temporary closure of Kolomela's dense media separation (DMS) plant for an infrastructure upgrade. For Q4 2019, production increased by 12% to 11.8Mt, driven by improved performance at Sishen and the restarting of the Kolomela DMS plant as scheduled.
- Total finished stock of 6.4Mt with 2.2Mt at Saldanha Port, ensures that Kumba is well positioned for Q1 2020.

Sales summary								
	Q4	Q4	% change	Q3	% change			% change
' 000 tonnes	2019	2018	vs Q4	2019	vs Q3	2019	2018	2018
			2018		2018			vs 2019
Total	10,713	11,591	(8)	10,154	6	42,218	43,257	(2)
Export sales	10,481	10,723	(2)	9,670	8	40,038	39,966	—
Domestic sales	232	868	(73)	484	(52)	2,180	3,291	(34)

Production summary								
	Q4	Q4	% change	Q3	% change			% change
' 000 tonnes	2019	2018	vs Q4	2019	vs Q3	2019	2018	2018
			2018		2018			vs 2019
Total	11,806	10,170	16	10,521	12	42,388	43,106	(2)
Sishen Mine	8,264	6,960	19	7,153	16	29,174	29,246	—
Kolomela Mine	3,542	3,210	10	3,368	5	13,213	13,860	(5)

Total sales of 42.2 Mt (2018: 43.3 Mt) decreased by 2%, driven by a 34% decline in domestic sales to 2.2Mt (2018: 3.3Mt) due to lower off-take by ArcelorMittal SA. Export sales volumes for 2019 were similar to 2018 at 40.0Mt. Although rail performance improved significantly, shipments were hampered by single loading due to the scheduled refurbishment of the second ship loader by Transnet. However, relative to Q3 2019, export sales increased by 8.0% to 10.5Mt (Q3 2019: 9.7Mt), partially offsetting lower domestic sales. Compared to Q4 2018, export sales decreased by 2% (Q4 2018: 10.7 Mt).

Total finished stock increased to 6.4Mt (Q4 2018: 5.3 Mt) as a result of lower domestic sales and the scheduled port refurbishment. With 2.2Mt of stock at Saldanha Port, Kumba is well positioned for the first quarter of 2020.

Total production of 42.4Mt (2018: 43Mt) for the year reduced by 2% due to the temporary closure of Kolomela's (DMS) plant for infrastructure upgrade from the first quarter of the year. Good progress was made in Q4 2019 with production increasing by 12% to 11.8Mt compared to 10.5Mt in Q3 2019, and by 16% relative to 10.2Mt in Q4 2018. This reflects continued improvements in operational performance at Sishen following unscheduled maintenance on the DMS plant in Q3 2019, as well as the ramp-up in production at Kolomela with the re-opening of the DMS plant in Q4 2019 as scheduled.

Kumba's continuous drive towards new levels of P101 benchmark operational efficiency resulted in Sishen's waste stripping increasing by 11% to 45.3Mt for the quarter (Q4 2018: 50.7Mt), with Kolomela's waste stripping remaining relatively flat at 14Mt.

Kumba realised an average FOB iron ore export price of US\$97/tonne (2018: US\$72/tonne) for the year, on the back of an average lump ratio of 67% and the average Fe quality of 64.2% Fe.

Trading statement for the year ended 31 December 2019

Kumba is currently finalising its financial results for the year ended 31 December 2019 ("the period"), which will be released on the Johannesburg Stock Exchange News Service ("SENS") on 18 February 2020.

In accordance with section 3.4(b) of the JSE Limited Listings Requirements, shareholders are advised that headline earnings for the period are likely to be between R15,680 million and R16,826 million. Headline earnings per share (HEPS) are likely to be between R48.93 and R52.47, an increase of between 62% and 73% from the previous year ended 31 December 2018 ("comparative period"). Reported headline earnings and HEPS for the comparative period (released on SENS on 19 February 2019) were R9,677 million and R30.28, respectively.

Basic earnings for the period are expected to be between R15,636 million and R16,776 million. Basic earnings per share (EPS) are expected to be between R48.79 and R52.34, an increase of between 62% and 74%. Reported basic earnings and EPS for the comparative period were R9,615 million and R30.08 respectively.

The increase in earnings for the period is largely attributable to the higher average realised FOB export ore price and a weaker Rand/US Dollar exchange rate, relative to the comparative period. Further information will be provided in the company's results for the period to be released on SENS on 18 February 2020.

The financial information on which this trading statement is based, has not been reviewed and reported on by the Company's external auditors.

Centurion
23 January 2020

Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)

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Notes to editors:

Kumba Iron Ore Limited, a member of the Anglo American plc group, is a leading value-adding supplier of high quality iron ore to the global steel industry. Kumba produces iron ore in South Africa at Sishen and Kolomela mines in the Northern Cape Province. Kumba exports iron ore to customers in a range of geographical locations around the globe including China, Japan, Korea and a number of countries in Europe and the Middle East.

www.angloamericankumba.com

Anglo American is a leading global mining company and our products are the essential ingredients in almost every aspect of modern life. Our portfolio of world-class competitive mining operations and undeveloped resources provides the metals and minerals that enable a cleaner, more electrified world and that meet the fast growing consumer-driven demands of the world's developed and maturing economies. With our people at the heart of our business, we use innovative practices and the latest technologies to discover new resources and mine, process, move and market our products to our customers around the world - safely, responsibly and sustainably.

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